



**County of Chester
Office of the Controller
Internal Audit Department**

**Management Letter
For the Year Ended
December 31, 2013**

County of Chester
Office of Adult Probation
Management Letter

A handwritten signature in blue ink, appearing to read "N. MacQueen".

Norman MacQueen, Controller

To: Christopher Murphy, Chief Adult Probation Officer

Introduction

On September 25, 2014, Internal Audit completed an audit of the Office of Adult Probation (*APO*). Carissa Petrelia was the auditor-in-charge. Internal Audit is required by the Pennsylvania County Code to review county offices annually to ensure compliance with policies and procedures and to assess their overall internal control structure. The scope of our audit included a review of the following:

- Cash and Petty Cash
- Liabilities
- Cash Receipts
- Retained Unapplied Balances
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Unclaimed Property / Escheats

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards* published by the Comptroller of the United States. We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters concurrent with this Management Letter. Disclosures and other information in that Report (also dated September 25, 2014) should be considered in conjunction with this Management Letter.

Executive Summary

The management and staff of *APO* are in all material respects, in compliance with policies and procedures imposed by the County of Chester and by *APO*. Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure.

Internal Audit did, however, note several matters of a lesser significance involving internal controls and compliance with policies and procedures. These matters have all been included within this management letter. Based on Internal Audit's testing and observations, it is our opinion that these deficiencies are not the result of negligence or deliberate misconduct, but are instead the consequence of one or more of the following:

- Oversight
- Human error

We want to thank the management and staff of the *APO* for their cooperation and assistance during the course of this audit.

Please feel free to contact our office at (610) 344-6064 should you have any questions or concerns.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash and Petty Cash

Cash is reconciled and reviewed at 100%. Petty cash is counted on a surprise basis during the course of the on-site fieldwork.

Finding 1: Cash Adjustments

For the current year, Internal Audit identified that the *APO* Collections Supervisor (*Supervisor*) processed *three (3)* debit adjustments, which remained outstanding at year-end, to the *Fines, Costs, and Restitution* account in order to offset errors made by either the bank or the *APO* staff when processing checks and deposits. Although these adjustments were necessary at the time to balance the bank and book records during the monthly reconciliation process, the *Supervisor* had since failed to follow-up with the bank to correct the original mistakes and to offset the outstanding adjustments.

Follow up related to the 2012 audit disclosed that previous year debit and credit adjustments were not corrected and remained outstanding on the books at the onset of the 2013 audit.

Recommendation

Once again, Internal Audit strongly recommends that the *Supervisor* research, correct and reverse all current outstanding debit and credit adjustments made to the *Fines, Costs, and Restitution* account. In addition, it is also recommended that either Internal Audit or the Clerk of Courts Deputy review all future monthly reconciliations of the *Fines, Costs, and Restitution* account to ensure that any new debit and credit adjustments are properly corrected and reversed in a timely manner.

Note:

As of the date of this audit report and management letter, all prior year outstanding adjustments to “cash” have been properly researched and corrected.

Auditee Response

Collections Supervisor agrees with the finding and recommendation.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

Liabilities

Liability balances are reconciled and reviewed at 100%; specifically to ensure accurate recording of liabilities and the verification of subsequent payments following year end.

There were no internal control or procedural weaknesses noted.

For the following areas, transactions are reviewed on a sample basis according to risk. The current year risk assessment is based on prior year audit results.

Cash Receipts

The sample size tested for the year ended 12/31/13 was 20 out of a population of 53,676 receipts generated in 2013.

There were no internal control or procedural weaknesses noted within our sample.

Retained Unapplied

Retained unapplied balances are reviewed at 100%; specifically to ensure that monies are either refunded or applied in a timely manner.

Finding 2: Retained Unapplied

Internal Audit noted the following:

- In twelve (12) instances a refund was not paid out in a timely manner.
- In one (1) instance a check was refunded before the 14 day waiting period.

Recommendation

Internal Audit recommends that checks are not refunded before the 14 day waiting period, in order to make sure the check clears before issuing the refund. Internal Audit also recommends that refunds be made to interested parties within a month of receipt.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

Finding 2: Retained Unapplied (continued)

Auditee Response

Collection Supervisor will make sure that refunds are issued in the recommended time frame set by the Chester County Auditors. Sometimes there are issues with not having an address which may cause delay. The Collection Supervisor will make sure that the Account Clerks enter an address for the payee when processing payments.

Manual Receipts

The sample size tested for the year ended 12/31/13 was determined to be 40. The sample was to be allocated based on the percentage of manual receipts issued by the department. The allocation was as follows:

- Thirty-eight (38) out of a population of 197 manual receipts issued by *APO* in 2013.
- Two (2) manual receipts issued by the Clerk of Courts (*Clerk*) in 2013. These results are addressed under separate over to the Clerk of Courts.

Finding 3: Manual Receipts

Internal Audit noted the following:

- In three (3) instances manual receipts were not entered into the Common Pleas Court Management System (*CPCMS*) within two business days.
- In two (2) instances information on the manual receipt did not match what was entered into *CPCMS*.
- In one (1) instance a voided manual receipt was not attached to the daily work.
- In two (2) instances the manual receipt number was entered into *CPCMS* incorrectly.
- In four (4) instances manual receipts were used out of sequence.
- In two (2) instances the manual receipt number was not entered on the computer / *CPCMS* receipt; therefore the manual receipt number looks as if it wasn't used because it is not on the computer generated Manual Receipt Log.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

Finding 3: Manual Receipts (continued)

Recommendation

Internal Audit recommends that the staff take greater care when entering / processing manual receipts to ensure that they are entered within two business days, the information on the manual receipt matches what is entered into *CPCMS* and vice versa, that manual receipts are used in sequence, that manual receipts and voided manual receipts are attached to the daily work and that the manual receipt number is entered on the computer receipt and vice versa.

Auditee Response

In reference to the last finding pertaining to manual receipts, the Collection Supervisor now has the ability to go back in CPCMS and manually add the manual receipt number to the CPCMS receipt if the Account Clerks forget to add it. The two (2) instances mentioned above have been corrected. With regards to the other findings in this section APO management concurs with the findings and recommendations.

Cash Disbursements

The sample size tested for the year ended 12/31/13 was determined to be 25. The sample was to be allocated between the four (4) accounts maintained and reconciled by the *Clerk* and the one (1) Restitution account belonging to the *Clerk* but maintained and reconciled by *APO*. The allocation was as follows:

- Twenty (20) *CPCMS* Fines, Costs and Restitution disbursements from the DNB First checking account out of a population of 7,262 checks created in 2013.

(The remaining five (5) disbursements were allocated to the DNB First *CPCMS* Bail Escrow, Filing Fee, Summary Appeal Escrow and Legacy Summary Appeal / Bail Escrow, which were tested as part of the Audit of the *Clerk*. These results are addressed under separate cover to the Clerk of Courts.)

There were no internal control or procedural weaknesses noted within our sample of disbursements issued by *APO*.

COUNTY OF CHESTER

OFFICE OF ADULT PROBATION

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

Voided Receipts

The sample size tested for the year ended 12/31/13 was determined to be 25 out of a population of 274 receipts voided in 2013. The sample was allocated between the four (4) accounts maintained and reconciled by the *Clerk* and the one (1) Restitution Account belonging to the *Clerk* but maintained and reconciled by *APO*. The allocation was as follows:

- Twenty-two (22) *CPCMS* Fines, Costs and Restitution voided receipts out of a population of 242 receipts voided in 2013.

(The remaining three (3) voided receipts were selected from the *CPCMS* Bail Escrow, Summary Appeal Escrow, Filing Fee and Legacy Summary Appeal / Bail Escrow accounts, which were tested as part of the Audit of the *Clerk*. These results are addressed under separate cover to the Clerk of Courts.)

There were no internal control or procedural weaknesses noted within our sample of receipts voided by *APO*.

Voided Disbursements

The sample size tested for the year ended 12/31/13 was 10 out of a population of 121 disbursements voided in 2013. The sample was allocated between the four (4) accounts maintained and reconciled by the *Clerk* and the one (1) Restitution account belonging to the *Clerk* which is maintained and reconciled by *APO*. The allocation was as follows:

- Eight (8) *CPCMS* Fines, Costs and Restitution voided disbursements out of a population of 119 disbursements voided in 2013.

(The remaining two (2) voided disbursements were selected from the *CPCMS* Bail Escrow, Summary Appeal, Filing Fee accounts and the Legacy Summary Appeal/Bail Escrow account which were tested as part of the Audit of the *Clerk*. These results are addressed under separate cover to the Clerk of Courts.)

There were no internal control or procedural weaknesses noted within our sample of disbursements voided by *APO*.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

Unclaimed Property / Escheats

Monies that have been escheated to the state are tested on a predetermined sample basis. For the year ended 12/31/13, the sample size was determined to be 30 transactions.

Finding 4: Escheats

Internal Audit noted that in one instance (1) information per the Escheat report did not agree to the records maintained in *CPCMS*.

Recommendation

Internal Audit recommends that the office take greater care when escheating funds to ensure that funds that are escheated are older than five years and that all records agree with one another.

Auditee Response

The last transaction date got out of order when entering the information into the Escheat Program, therefore resulting in the finding.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2013

An exit conference was not warranted for the audit of Adult Probation. The Chief Adult Probation Officer, Christopher Murphy has accepted the report as presented.